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cannot solve. European problems must be solved, but beyond them there are international economic problems, world-wide in importance—problems of raw materials, colonies, foreign

investments, shipping and electrical communications, which if they are not solved by some international coöperation will destroy not only Europe but also America.

Europe and the Development of American Foreign Trade

By G. B. ROORBACH

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WITH an area constituting only 7.7 per cent of the land area of the globe, slightly larger than the United States and Alaska, Europe held, before the War, 26.4 per cent of the total population of the world. This is over four times the population of the United States, more than ten times the population of all South America and equal to the total estimated population of all Eastern Asia, including the islands of Japan, the Philippines and the Dutch East Indies. This large population gave to Europe an average density of 120 people to the square mile, a density of $3\frac{1}{2}$ times that of the average density of the world-population or the population-density of the United States. The density of Europe's population is further indicated by the fact that out of approximately 400 cities of over 100,000 people, 190 or 47.5 per cent are in Europe.

The largeness of its population and the concentration of that population do not, of course, necessarily indicate that Europe is a region of great economic wealth. The economic importance of a region must be measured by its ability to support, in comparison with the rest of the world, a large population in comfort through the magnitude of its production and its facilities for carrying on trade and commerce.

Some measure of Europe's economic

importance is shown by the following facts. In 1913, Europe had 33.4 per cent of the railway mileage of the world. This was slightly less than the railway mileage of the United States. The net tonnage of Europe's merchant marine, on the other hand, was 69.3 per cent of the total merchant marine of the world. In telegraph wire, Europe possessed 60 per cent of the total world-mileage.

In agricultural production, Europe has been far the richest producing-area in the world. Europe leads in the production of most of the great food crops, in spite of the fact that she is also the greatest importer of agricultural products from the rest of the world. Table I shows the production in 1913 of the leading agricultural crops, indicating the per cent of the total world-crop produced in Europe. In 1913, European farms produced 96 per cent of the total world's rye; 62 per cent of the world's oats; 71.8 per cent of the world's barley; 52.4 per cent of the world's wheat; 18 per cent of the world's corn; 92.1 per cent of the beet sugar crop, and 42 per cent of the total sugar production of the world. Over 90 per cent of the potatoes of the world were then grown in Europe, and 92.6 per cent of the olive oil. Of the world's important food crops, only a few are not found in surpassing im-

TABLE I. FOODSTUFF PRODUCTION IN EUROPE
1913, or 1913-14

Commodity	Unit of Measure	World	Europe	Percentage: Europe to World
Wheat.....	Bushels	4,127,437,000	2,166,850,000	52.4
Rye.....	Bushels	1,880,387,000	1,805,937,000	96.0
Oats.....	Bushels	4,697,437,000	2,907,339,000	61.9
Barley.....	Bushels	1,650,265,000	1,184,343,000	71.8
Corn.....	Bushels	3,587,429,000	640,374,000	17.9
Rice (in husk).....	1,000 pounds	147,706,980	1,699,342	1.2
Flaxseed.....	Bushels	131,327,000	27,692,000	21.1
Flax fiber.....	Pounds	1,918,915,000	1,918,915,000	100.0
Sugar, beet.....	Short tons	9,434,000	8,688,000	92.1
Sugar, total.....	Short tons	20,704,000	8,697,000	42.0
Potatoes.....	Bushels	5,802,910,000	5,257,659,000	90.6
Olive oil.....	Pounds	1,011,532,000	936,432,000	92.6

portance in Europe. Millet is not grown in appreciable quantities, but Europe produced 1.2 per cent of the world's enormous rice crop, and nearly 18 per cent of the maize crop. In addition to the grains and root crops mentioned, 21.1 per cent of the flaxseed crop of the world was produced in Europe and practically all flax fibre had its origin in this continent.

In the production of animals and animal products, Europe's position is less dominating than in vegetable products. Nevertheless, as shown in Table II, that continent had in 1913 nearly 51 per cent of the world's swine; 41.7 per cent of the goats; 32.4 per cent of the sheep, and 30.3 per cent of the cattle. With this large animal population there was a correspondingly large

production of dairy products, of hides and skins, and of other animal products.

Of the four great textile raw materials, Europe before the War was a leading producer of three, producing 26.8 per cent of the wool; practically 100 per cent of the flax, and 21 per cent of the raw silk. Raw cotton is the only important raw textile product produced in insignificant quantities in Europe.

In area under forests, Europe, contrary to general belief, surpasses the United States, although in lumber production Europe is outdistanced by the United States. Nevertheless, 33 per cent of the world's production of lumber is estimated to have been produced in Europe in 1913, as compared with 47.3 per cent produced in the United States.

TABLE II. NUMBER OF DOMESTIC ANIMALS IN EUROPE
1913-14

	World	Europe	Percentage Europe to World
Cattle and Buffalo.....	400,826,000	121,499,000	30.3
Sheep.....	546,834,000	177,030,000	32.4
Goats.....	92,528,000	38,545,000	41.7
Swine.....	145,190,000	73,861,000	50.9

In resources of mechanical power, Europe is exceptionally well-favored, and the power developed therefrom is correspondingly large. In 1913, 54 per cent of the world's coal was taken from European mines, and 21 per cent of the world's petroleum came from European oil wells. The developed water power utilized in Europe represented 38.6 per cent of the total developed water power of the world.

In the important economic minerals, few sections of the world are so richly

endowed as Europe. In addition to coal and petroleum, Europe produced in 1913: 59 per cent of the world's iron ore; 90 per cent of the world's pyrites; 99 per cent of the world's potash; 95 per cent of the magnesite; 42 per cent of sulphur; 30 per cent of lead; 59 per cent of manganese ore; 93 per cent of platinum, 23 per cent of tungsten; 38 per cent of zinc and 13 per cent of copper, in addition to many other mineral resources shown in Table III. Only a few minerals of large economic

TABLE III. PRODUCTION OF MINERALS IN EUROPE IN 1913¹

Commodity	World output in metric tons	Percentage contributed by					
		Europe	North America	South America	Asia	Africa	Oceania
Antimony.....	22,000	31	11	(a)	52	1	4
Arsenic.....	16,275	65	31	..	..	..	..
Bauxite.....	539,000	60	40	..	..	..	..
Chromite.....	171,000	13	(a)	..	12	37	37
Coal.....	1,332,300,000	54	40	(a)	4	1	1
Copper.....	(b)965,310	13	65	7	8	2	5
Gold.....	685	1	27	3	11	45	13
Graphite.....	136,500	57	8	(a)	23	5	..
Iron ore.....	177,207,000	59	38	(a)	(a)	1	(a)
Lead.....	1,222,000	30	43	(a)	3	4	20
Magnesite.....	533,300	95	2	..	3	..	(a)
Manganese ore.....	2,350,000	59	(a)	5	36	(a)	(a)
Mercury.....	4,000	79	19	(a)	1	(a)	..
Molybdenum (c).....	220	25	40	1	2	..	32
Nickel.....	29,000	3	86	..	..	..	11
Oil Shale.....	3,592,000	99	..	..	..	..	(a)
Petroleum.....	53,818,000	21	72	1	4	(a)	2
Phosphate.....	7,141,800	8	45	..	(a)	37	7
Platinum.....	7	93	(a)	6	..	(a)	1
Potash.....	1,110,000	99	..	..	1	(a)	..
Pyrites.....	6,000,000	90	8	..	2	..	(a)
Silver.....	7,000	7	76	6	3	(a)	8
Sulphur.....	1,000,000	42	51	1	6	..	..
Tin.....	135,700	4	..	20	50	4	22
Tungsten.....	8,000	23	17	15	30	(a)	13
Vanadium (d).....	1,125	..	24	76	..	..	..
Zinc.....	1,027,000	38	37	(a)	4	4	16

¹ World Atlas of Commercial Geology, U. S. Geological Survey, page 5.

(a) Less than one-half of one per cent.

(b) Smelter output.

(c) 1915.

(d) 1912.

importance are not found in important quantities in Europe.

With such a great endowment of resources in basic raw materials and mechanical power, combined with a large and energetic population, it is to be expected that the amount of manufacturing done in Europe would also greatly exceed that done in any other section of the world. And that this is so, is indicated by the fact that 58 per cent of pig iron and 56.4 per cent of the world's steel were produced in European furnaces in 1913. Europe also, at that time, accounted for 69.6 per cent of the cotton spindles, and between 75 per cent and 80 per cent of the woolen mill spindles of the world. In most other lines of manufactured products the mills of Europe were by far the dominating influences.

These facts are perhaps sufficient to indicate the place held by Europe as a producer of wealth. That this continent should surpass in production any other equal area of the world is not surprising in view of the unsurpassed combination of favoring geographic factors here found. Possessing a climate particularly favorable for the development of a high type of energetic people, resources of soil, forest, mine and sea unsurpassed by that of any other area of similar size, and a coast line which makes its interior readily

accessible from the sea; situated centrally to the important land areas of the globe, and on the great trade routes of commerce, Europe possesses a combination of physical features that lays the basis for the very highest state of economic development.

Not only is Europe a great producer of raw materials, food and manufactured products, but she is also the great source of commerce. As a result of her great economic wealth, the continent is one of the chief sources of supplies for export to the rest of the world and the chief market for the products of every other continent. With all her vast production, Europe cannot supply herself with foods and raw materials in quantities sufficient to support her people and her industries. Hence, Europe is the great market of the world, and has become the world's great market place as well. It is to Europe mainly that the remainder of the world looks for a market—a market not only for raw products for Europe's manufacturing plants and foods for Europe's enormous population, but a market also for manufactured goods. Table IV shows the extent to which other countries have depended upon Europe as a world marketing center.

In 1913-14, 62.86 per cent of the total exports of the United States were

TABLE IV. EXPORTS TO EUROPE 1913-14. PERCENTAGE OF TOTAL FOR SPECIFIED AREAS

From	To Europe	To United States	To Rest of World
	Per cent	Per cent	Per cent
United States	62.86	.....	37.14
Canada, Newfoundland, and Labrador	54.48	37.11	8.41
Middle America	26.13	68.45	5.42
South America	72.90	17.57	9.53
Africa	90.11	2.21	7.68
Asia	46.25	11.75	42.00
Oceania	76.85	6.51	16.64

sent to Europe and of Canada's exports, 54.48 per cent. South America sent 72.9 per cent of her total exports to Europe; Africa, 90.11 per cent; Asia, 46.25 per cent; and Oceania, 76.85 per cent. The only section from which Europe received a smaller proportion of exports than the United States was Middle America, i.e., Mexico, Central America and the West Indies. Here, the United States was the chief market, taking 68.45 per cent of the total, as compared with 26.13 per cent for Europe. Combining the export trade of all countries of the world outside of Europe, we find that approximately 64 per cent of the total was absorbed by Europe before the War. As a market for the products of all the rest of the world, Europe was without a rival. It is true that a part of the trade indicated as destined for Europe found its ultimate market in other parts of the world, Europe acting as a place of trans-shipment. But even when we make allowance for transit trade, the fact remains that much of the world's prosperity has been closely bound up with the ability of Europe to buy.

Europe has been more than a consumer of goods produced in other parts of the world; Europe has also become a great marketing center, the market place where goods are bought and sold. The machinery for carrying on international trade has been built up in Europe and brought to a very high state of perfection. As a world marketing center Europe's position has been unique. With her wealth of resource as a base, her energetic people, through long experience, have built up a complex and efficient organization for the distribution of world-products. European cities early became the great marketing centers, not only for Europe but for all the world. Great trading companies, banks, brokerage houses,

and the machinery for financing trade have been developed in Europe until, to a degree little realized before the War, a large part of the complex organization of trade was in European hands. Disorder in Europe, therefore, has put out of adjustment the whole machinery of international trade, and the restoration of this complicated machinery for trade is not a thing that can be built up elsewhere in a few years.

Furthermore, in connection with the growth of Europe as a market and with the development of the machinery for carrying on trade, there was an enormous accumulation of wealth in Europe and a consequent investment of European capital in non-European countries. Through the investment of this capital in overseas enterprises, much of the economic, and often the political control of the resources and industries of foreign countries came under European direction. Economic disturbance in Europe, therefore, has reacted upon the development of plantations in far away tropic lands, has curtailed the building of railroads in distant countries and prevented the establishment of new mines, new industries and new public utilities in all parts of the world. Thus, directly and indirectly, through the disturbance of the buying and purchasing power of Europe, and through the disorganization of the machinery of trade and the curtailment of capital for investment, instability in Europe has reacted profoundly on all the prosperity of the world.

DEPENDENCE OF THE UNITED STATES ON EUROPE

The dependence of the United States upon Europe as a market has always been similar to that of the rest of the world. This country has looked

to Europe both as a market for goods and as a means of furnishing facilities for financing and transporting such goods not only to Europe, but to all other parts of the world as well. Table V gives the total values of American export and import trade, the amount with Europe and the percentage that the trade to Europe bore to our total trade.

In the year 1913-14, 62.8 per cent of American exports went to Europe, although there had long been a gradual decrease in the relative importance of the European export market for the United States. In 1880, Europe took over 86 per cent of our exports; in 1890, 80 per cent; in 1900, 74.6 per cent; in 1910, 65.1 per cent. In spite of this decrease in relative importance, the absolute values of our exports to Europe were constantly increasing before the War, and Europe has continued by far the most important of our export markets.

After the outbreak of the War, the importance of Europe in our export trade increased, both in actual and

relative value, reaching 71.2 per cent of our export trade in 1915; 69.2 per cent in 1916, and 68.7 per cent in 1917. This increase, of course, was a result of large shipments of war supplies to Europe. Following the Armistice, however, the proportion of our exports to Europe rapidly declined. In 1921, only 52.7 per cent of our total export trade found its destination in Europe, as compared with 60 to 65 per cent before the War. Although this was still a very large proportion of our exports, Europe is now far less important relatively than ever before as a market for American goods.

In the import trade, Europe, preceding the War, supplied the United States approximately 50 per cent of the total. As in the case of exports, there was before the War a gradual but a steady decrease in the proportion of goods bought from Europe. In 1880 we received 55.5 per cent of our imports from Europe; in 1890, 57.1 per cent; in 1900, 51.8 per cent and in 1914, 47.3 per cent. During the War, however, imports from Europe dropped

TABLE V. TRADE OF THE UNITED STATES WITH EUROPE
1910-1921

Years	EXPORTS			IMPORTS		
	Total Millions of Dollars	To Europe	Percentage to Europe	Total Millions of Dollars	From Europe	Percentage from Europe
1910.....	1,710	1,136	65.10	1,557	806	51.76
1911.....	2,013	1,308	63.84	1,527	768	50.30
1912.....	2,170	1,342	60.87	1,053	819	45.57
1913.....	2,428	1,479	59.98	1,813	892	49.25
1914.....	2,329	1,486	62.86	1,894	895	47.29
1915.....	2,716	1,971	71.21	1,674	614	36.70
1916.....	4,272	2,999	69.21	2,197	616	28.04
1917.....	6,227	4,324	68.75	2,659	610	22.96
1918.....	5,839	3,732	63.04	2,946	411	13.97
1919.....	7,750	5,187	65.50	3,904	750	19.22
1920.....	8,080	4,466	54.27	5,278	1,227	23.26
1921.....	4,485	2,364	52.70	2,509	765	30.50

to unprecedentedly low volumes, as well as to low percentages of total trade. In 1918, less than 14 per cent of our total imports were from Europe, and even the actual value of imports in that year was less than half the value of the imports in 1914. With the signing of the Armistice, imports from Europe rapidly increased but in 1921 the proportion was still far below pre-war levels—only 30.5 per cent. Even the absolute value of imports from Europe in 1921, in spite of inflated prices, was much less than the value of imports in 1914. This inability of Europe to sell to the United States means, of course, that Europe is less able to buy from the United States and that the United States' most important market for exports must remain greatly curtailed as long as this condition exists.

EUROPE AS A MARKET FOR AMERICAN MANUFACTURES

Table VI shows the trade of the United States with Europe by groups

of commodities for the years 1910–14.

Contrary to the general impression, exports of American manufactured goods to Europe constituted a very large proportion of our trade with that continent. The trade of the United States with Europe differs in one important respect from the trade of most other sections of the world with Europe. Most of the other non-European countries are chiefly dependent on Europe as a market for foods and raw materials. The United States, being the largest manufacturing country in the world, depends upon Europe, not only as a market for foods and raw materials, but for manufactured goods as well. And manufactures are the largest element in the United States export trade, and the most rapidly growing group of our exports. During the five years preceding the War, exports of manufactured goods to Europe amounted to \$438,000,000, constituting 33½ per cent of our total export trade to Europe and 44 per cent of our total exports of manu-

TABLE VI. TRADE OF UNITED STATES WITH EUROPE, BY GROUPS OF COMMODITIES
Average 1910–14

IMPORTS				
	Total Millions of Dollars	From Europe Millions of Dollars	Per cent of Group Total from Europe	Per cent of all Imports from Europe
Crude Materials.....	580	217	37.4	26.4
Foodstuffs.....	397	101	25.4	12.2
Manufactures.....	696	506	72.7	61.4
EXPORTS				
	Total Millions of Dollars	To Europe Millions of Dollars	Per cent of Group Total to Europe	Per cent of all Exports to Europe
Crude Materials.....	701	593	84.4	44.2
Foodstuffs.....	421	300	71.4	22.3
Manufactures.....	995	438	44.0	33.5

factures. During this same period foodstuffs exported amounted to \$300,000,000, or 22.3 per cent. Crude material exports were valued at \$593,000,000, or 44½ per cent of our exports to Europe. When it is recalled that manufactured goods make up by far the largest proportion of American exports, and that Europe absorbs 44 per cent of this important group, the dependence of the United States upon Europe as a market not only for our exports in general, but for our manufactures, becomes evident. Europe is by far our most important market not only for foodstuffs and crude materials but for fabricated materials as well. It should be noted in this connection that "foodstuffs" imports includes both crude foodstuffs and manufactured foodstuffs. If we should include the manufactured foodstuffs with other manufactured goods, we would find that approximately 50 per cent of American manufactured products are exported to Europe.

The importance of Europe as a market for American manufactured products is even more clearly indicated when we consider the chief groups of articles which make up our export of manufactured goods. To enumerate only a few of our important manufactures may be interesting. In the year 1913-14, 60.3 per cent of American exports of agricultural implements was sent to Europe; 17.1 per cent of electrical machinery and appliances; 72.6 per cent of cash registers; 62.9 per cent of adding machines; 46 per cent of sewing machines; 72.7 per cent of typewriters; 39.9 per cent of tools; 32 per cent of all other machinery including metal working, textile, mining and other types of machinery. Iron and steel manufactures other than machinery also depended upon Europe to a very large degree for markets. Of such highly fabricated articles, for

example, as pipes and fittings, Europe took 20.8 per cent of our exports; 9.3 per cent of structural iron and steel; 28.6 per cent of miscellaneous iron and steel manufactures.

Even in such highly specialized goods as scientific instruments and apparatus, Europe took 39.8 per cent of our exports. 41.2 per cent of our musical instruments went to Europe; 58.5 per cent of motorcycles; 36.9 per cent of automobiles. It is rather surprising that in the group of chemicals, drugs, dyes and medicines, 26.7 per cent of our large exports went to Europe. Paint exports to Europe constituted 38.8 per cent of our total trade in that commodity; glass and glassware, 17.5 per cent; rubber goods, 41.8 per cent; leather manufactures, 25 per cent; paper and paper manufactures, 18 per cent, cutlery, 32.4 per cent; clocks and watches, 36.2 per cent. In fact, a list of our most important exports of manufactured goods shows, with few exceptions, that Europe was the dominating market.

EXPORT OF EUROPEAN MANUFACTURES TO UNITED STATES

Imports of manufactured goods from Europe during the period 1910 to 1914 constituted 61.4 per cent of our total imports from Europe. This was 72.7 per cent of the total import of manufactured products of the United States. Since Europe's chief export to the United States has been and must continue to be manufactured goods, the revival of Europe's ability to manufacture and to sell those manufactured goods in the United States is not only one of the indispensable requisites for the revival of European prosperity, but also a very important factor in improving economic conditions in the United States. Before the War European-United States trade was resting largely on the exchange of Europe's

manufactured goods for goods manufactured in the United States as well as for foodstuffs and raw materials. Before the War American exports of manufactures to Europe were growing more rapidly both in quantity and in relative proportion to our total trade than any other group.

At the same time—and largely making it possible for our exports of manufactured goods to Europe to develop—Europe was sending manufactures to the United States. What ever interferes with Europe's ability to export manufactures to the United States must inevitably prevent the United States from exporting to Europe. Europe must depend on manufactured goods to pay her imports. She has comparatively little exportable surplus of other goods. To that degree, therefore, that the manufacturing industry of the United States depends on foreign markets for its full revival, it must largely depend upon the revival of European manufactures.

Europe's ability to buy is largely conditioned by her ability to sell; and

she must sell manufactures—the material she has in largest surplus to sell. Since the export of manufactured goods constitutes the most important and the most rapidly growing part of American export trade, and since Europe is and long has been the principal market for those manufactures, there is a vital relation between the development of American trade and American industry to supply that trade and the development of Europe's manufacturing industry.

But not only will the revival of manufacturing industry in Europe stimulate directly the trade of the United States with Europe; it will also stimulate United States trade with other parts of the world. Other sections of the world are depending in large degree for their revival upon the resumption of manufacturing in Europe, making it possible for European countries to buy raw materials and foods which the rest of the world has to sell and upon the selling of which world-prosperity so largely depends.

America's Prosperity and the Rehabilitation of Europe—Labor's Point of View

By CHESTER M. WRIGHT

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TO what precise degree American prosperity is dependent upon the rehabilitation of Europe is, to my mind, of less importance than the finding of those barriers which prevent full and free play of international helpfulness.

We need waste no time in saying that American prosperity is to some extent dependent upon European rehabilitation. It is equally true that

European rehabilitation is to a considerable extent dependent upon the relations, economic and political, between Europe and the United States.

There may have been a time when it was possible to consider material prosperity without regard to other considerations, but that time has passed and there can be no adequate discussion today of material prosperity without discussion of political relations.